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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
CHAIRMAN

JIM IRVIN
COMMISSIONER

MARC SPITZER
COMMISSIONER

Arizona Corporation Commission

DOCKETED

JUL 24 2001

DOCKETED BY	<i>sd</i>
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APPLICATION OF ARIZONA UTILITY
SUPPLY AND SERVICES, LLC FOR A
CERTIFICATE OF CONVENIENCE
AND NECESSITY TO PROVIDE
SEWER SERVICE TO PORTIONS OF
PINAL COUNTY, ARIZONA.

Docket No: SW-04002A-01-0228

IN THE MATTER OF THE APPLICATION
OF JOHNSON UTILITIES, L.L.C. DBA
JOHNSON UTILITIES COMPANY
FOR AN EXTENSION OF ITS
CERTIFICATE OF CONVENIENCE
AND NECESSITY TO PROVIDE WATER
AND WASTEWATER SERVICE
TO THE PUBLIC IN THE DESCRIBED
AREA IN PINAL COUNTY, ARIZONA.

Docket No: WS-02987A-01-0295

**RESPONSE TO STAFF
REPORT**

Johnson Utilities, LLC dba Johnson Utilities Company ("Johnson Utilities")
submits this Response to Staff Report pursuant to the Administrative Law Judge's
Procedural Order dated May 29, 2001. Through this Response, Johnson Utilities responds
to Staff's recommendations and seeks to correct and highlight certain factual inaccuracies

1 in the Staff Report, including those related to what appear to be violations by Arizona
2 Utility Supply and Services, LLC ("AUSS") of statutory and regulatory requirements.

3 **Granting Johnson Utilities' Application Will Serve the Public Interest**

4 In its July 2001 Report, Staff claims that, because Johnson Utilities has not
5 submitted requests for service from owners in the requested areas, there is no "immediate
6 need" for service, and therefore, the extension requested by Johnson Utilities should be
7 denied. In reaching this conclusion, Staff implies that a request for service is a legal
8 prerequisite for the granting of an extension. Johnson Utilities, however, is not aware of
9 such a requirement. Rather, the controlling factor in determining whether to grant an
10 extension is whether the extension is in the "public interest." *See James P. Paul Water*
11 *Co. v. Ariz. Corp. Comm'n*, 137 Ariz. 426, 429, 671 P.2d 404, 407 (1983).

12 As set forth in its Application, Johnson Utilities' extension request is supported by
13 H2O, Inc. ("H2O") and Queen Creek Water Company ("Queen Creek"). Both companies
14 support this extension so that customers in their water service area will receive quality
15 wastewater service. Such extension is in the public interest. As experienced providers of
16 water service, H2O and Queen Creek are fully aware of the quality wastewater service that
17 Johnson Utilities provides and will continue to provide. For this reason, Johnson Utilities
18 intends to offer testimony at the hearing confirming that H2O and Queen Creek support
19 Johnson Utilities' application for an extension and that, in their opinion, granting this
20 extension to Johnson Utilities is in the public interest.

21 In addition, because Johnson Utilities is certificated for and has facilities in close
22 proximity to the area that is the subject of Johnson Utilities Application, granting this
23 extension to Johnson Utilities will allow Johnson Utilities' existing customers and future
24 customers in the subject areas to benefit from economies of scale. Such benefits are
25 clearly in the public interest and can best be achieved by a regional provider of wastewater
26 service.

Johnson Utilities Has Provided Specifications and Estimated Total Costs

Staff also bases its recommendation for denial of Johnson Utilities' Application upon Johnson Utilities' alleged failure to provide a description of the plant facilities, preliminary engineering specifications, and the estimated total cost of construction. In response to Staff's First Set of Data Requests, however, Johnson Utilities submitted to Staff a copy of its CAAG 208 Water Quality Plan Amendment No.4. ("Johnson Utilities 208"), which sets forth projections for construction in the requested area. In addition, Johnson Utilities submitted to Staff an estimated total cost of construction. Staff followed the First Set of Data Requests with a Second Set of Data Requests. Following submission of these responses, Johnson Utilities contacted Staff and offered to provide additional information and to meet with Staff, if necessary, to address any outstanding questions. Staff asserted that Johnson Utilities' response to Staff's Second Set of Data Requests was sufficient. However, despite these assurances, Staff has now based its denial, in part, on the insufficiency of the information provided to Staff.

At the hearing on this matter, Johnson Utilities intends to offer testimony that will address Staff's concerns and to fully address any questions posed by Staff regarding Johnson Utilities' planned facilities and the related estimated costs. However, as Johnson Utilities has explained in its responses to Staff's data requests, Johnson Utilities does not feel it is prudent or economical to prepare detailed engineering plans until it has received initial plans from developers and has obtained a Certificate of Convenience and Necessity ("CC&N") for the subject area. Indeed, as discussed in further detail below, such an approach is sensible (if not mandatory) under A.R.S. § 40-281.A., which prevents a public service corporation from commencing construction of its system without first obtaining a CC&N from the Commission. Additionally, although extremely detailed specifications may be informative to Staff, mandating such information results in needless expenditures

1 by competing regulated utilities each time a contested application for extension is
2 submitted to the Commission.

3 **Construction Without a Certificate Violates A.R.S. § 40-281**

4 In its Report, Staff provides a narrative of the construction activities undertaken by
5 AUSS in the area covered by its Application. According to Staff, AUSS is currently
6 “constructing a new 0.421 MGD treatment plant called Cambria” within the area that is
7 the subject of its Application. *See* Staff Report at 2. As Staff explains, “[a]lthough ADEQ
8 has not issued either a Certificate of Approval to Construct or an APP for the Cambria
9 Plant, AUSS has started construction of the plant.” *Id.* Indeed, “Staff . . . observed the
10 construction activity on June 13, 2001, during a site inspection.” *Id.* Based on these facts,
11 Staff concludes that AUSS has demonstrated “the ability to serve the request [for service]
12 by the existing plant.” Staff Report at 6.

13 A.R.S. § 40-281.A. provides that “a public service corporation, other than a
14 railroad, shall not begin construction of a . . . line, plant, service, or system, or any
15 extension thereof, without first having obtained from the commission a certificate of
16 convenience and necessity.” In this case, rather than await Commission approval, AUSS
17 has constructed its plant in the Cambria Development prior to receipt of its CC&N. In
18 response to Johnson Utilities’ First Set of Data Requests on this issue, AUSS claims that a
19 violation of A.R.S. § 40-281.A. has not occurred because all treatment plants constructed,
20 under construction, or operating in its requested area are or will be owned by non-profit
21 homeowners’ associations.

22 Despite this contention, the incomplete set of documents provided by AUSS that
23 relate to ownership of the Links at Ocotillo Wastewater Treatment Plant shows that the
24 plant is apparently owned, in part, by Woodside Homes, clearly a for-profit entity.
25 Additionally, based on the responses given by AUSS, it is still not clear who owns the
26

1 Cambria Wastewater Treatment Plant.¹ Indeed, although AUSS relies upon alleged
2 ownership by homeowners' associations to circumvent A.R.S. § 40-281.A, certain
3 documents provided by AUSS clearly contradict this contention. In a letter dated April 16,
4 2001, to the Arizona Department of Environmental Quality, AUSS states that it "has taken
5 over and has been assigned the ownership of the Links at Ocotillo Wastewater Treatment
6 Plant as well as the [Cambria Homes Lift Station]." *See* Exhibit 2. In apparent reliance
7 upon this letter (or other representations made by AUSS), Staff also confirms in its Report
8 that developers in the Cambria Development and the Links at Ocotillo have already
9 transferred certain treatment plant to AUSS. *See* Staff Report at 1.

10 Even if AUSS has not violated the letter of the law, its has clearly violated its spirit.
11 Johnson Utilities strongly objects to construction or ownership of wastewater treatment
12 facilities by AUSS prior to receipt of its CC&N and the remarkably favorable treatment
13 given to it by Staff. If the Commission allows such actions to be rewarded and
14 encouraged, one can be certain that all future applications to the Commission to extend
15 service will be proceeded by substantial capital investment into public services regardless
16 of controlling law. Accordingly, Johnson Utilities requests that the Commission consider
17 whether it is truly in the public interest to grant a CC&N to AUSS when it appears to have
18 commenced construction of its wastewater treatment plant and associated systems prior to
19 receipt of its CC&N.

20 **Construction of Wastewater Systems Without an Approved 208 Amendment**

21 In addition to construction prior to receipt of its CC&N, AUSS appears to have
22 built certain wastewater treatment plants in violation of A.A.C. R18-5-303, by failing to

23
24 ¹ Moreover, in its Response to Johnson Utilities First Set of Data Requests, AUSS
25 provided documents that evidence AUSS establishing and collecting sewer connection
26 assessment fees associated with development in the contested area. *See* documents
attached as Exhibit 1. It is unclear to Johnson Utilities how an Arizona limited liability
company can charge sewer connection fees and still maintain that it is beyond the
authority of the Arizona Corporation Commission.

1 first receive approval of its CAAG 208 Water Quality Plan Amendment (“AUSS 208”).
2 Indeed, in its Report, Staff makes no mention of approval by CAAG or ADEQ of the
3 AUSS 208 plan for the contested area, including Cambria. Under A.A.C. R18-5-303, a
4 wastewater treatment plant “shall, before construction, conform with the Certified
5 Areawide Water Quality Management Plan” for that area. If AUSS has not received such
6 approval, and if construction has commenced (as Staff indicates and AUSS concedes)
7 prior to receipt of approval from CAAG and ADEQ, construction of the treatment plants
8 violates ADEQ regulations.

9 Additionally, although Staff requests that any granting of Johnson Utilities’
10 application be conditioned on approval of Johnson Utilities 208 application, no similar
11 provision is included for AUSS, even though AUSS has a competing 208 application. In
12 fact, Johnson Utility has recently learned that CAAG has decided to put AUSS’s 208
13 application on hold. Therefore, it does not appear AUSS will receive final review or
14 action on its 208 amendment anytime soon. Finally, Staff recommends that any granting
15 of Johnson Utilities’ Application be conditioned on approval of Johnson Utilities’ Aquifer
16 Protection Permit. Inexplicably, Staff also fails to recommend such a condition for AUSS.

17 **AUSS Does Not Appear To Be In Compliance With ADEQ Rules**

18 On page 2 of its Report, Staff states that “in 1995, ADEQ issued an Aquifer
19 Protection Permit (‘APP’) to permit the Links Plant to discharge .075 MGD of effluent
20 into the local aquifer.” It is Johnson Utilities’ understanding that, although the Links
21 system is presently discharging to the aquifer, this may be in violation of the facilities’
22 APP.² A review of the ADEQ files revealed that in 1999, after an inspection by ADEQ,
23 Mr. Maurice Lee, the certified operator at the time, was informed by ADEQ that the
24 Links’ effluent pond was not in compliance with the permit. See APP No. P-102976,

25 ² In its First Set of Data Requests, Johnson Utilities asked that AUSS provide copies of all
26 approvals and permits from ADEQ. In response, AUSS directed Johnson Utilities to the
ADEQ files.

1 attached as Exhibit 3; *see also* letter dated August 2, 1999 to ADEQ, attached as Exhibit 4.
2 The existing APP requires the Links to file for a reuse permit so that the effluent can be
3 pumped to the neighboring golf course. The permit does not allow for the use of the pond
4 as a percolation or evaporation pond. *See* Exhibit 3.

5 In an August, 1999 letter to ADEQ, Mr. Lee requested that ADEQ amend the Links
6 permit to allow the Links wastewater treatment plant to discharge its effluent through
7 percolation and evaporation. *See* Exhibit 4. Johnson Utilities was unable to find any
8 information in the ADEQ files indicating that ADEQ had agreed to this change in the
9 permit. Additionally, there is no evidence of a reuse permit, or an application for one, in
10 the ADEQ files. Consequently, if ADEQ's files are complete, it appears that the Links has
11 operated since 1995 in violation of the terms of its Aquifer Protection Permit.

12 Additionally, since 1995, the Links appears to have discharged effluent to an
13 unlined pond that lacks a fence or warning signs protecting the public. This effluent pond
14 lies a short distance from the community swimming pool. A 1999 ADEQ inspection
15 report requests that signage be installed. *See* ADEQ Inspection Report dated March 31,
16 1999, attached as Exhibit 5. On a recent site visit, ADEQ again noted that there were no
17 signs at the open pit. *See* ADEQ Inspection Report dated June 28, 2001, attached as
18 Exhibit 6.

19 Although the Links facility appears to be approved by CAAG for .075 MGD,
20 ADEQ has only approved the facility for approximately .0375 MGD. ADEQ files indicate
21 that the Links has applied for the authority to expand this facility. Johnson Utilities was
22 only able to locate an Approval to Construct for the sewage collection system and drinking
23 water system. It could not locate an Approval to Construct for the expansion of the
24 wastewater treatment system. In fact, during a review of ADEQ's files, Johnson Utilities
25 was unable to find any Approvals of Construction. If this is accurate, it means that the
26 Links has and continues to operate in violation of the law.

1 Finally, although there appear to be Approvals to Construct for the Cambria
2 infrastructure and Cambria drinking water systems, Johnson Utilities was unable to find a
3 Subdivision Approval or any Approvals of Construction for the seven parcels that
4 comprise the Cambria development. Failure to obtain Subdivision Approval means that
5 the sale of homes associated with that wastewater system is illegal. A.A.C. R18-5-402
6 directs that “[n]o subdivision or portion thereof shall be sold, offered for sale, leased or
7 rented by any corporation, company or person, or offered to the public in any manner, and
8 no permanent building shall be erected thereon until plans and specifications for the water
9 supply, sewage disposal and method of garbage disposal to be provided in or to serve such
10 subdivision shall have been submitted to and approved by the Department.” In the March
11 14, 2001 letter from Terry L Moore, P.E. to Ms. Anita Pritchard at ADEQ (attached as
12 Exhibit 7), it would appear that homes have not only been offered for sale, but that sales
13 are closing prior to approval of the subdivision by ADEQ.

14 **Johnson Utilities’ Existing System and Plans for Expansion**

15 The Staff makes incorrect assumptions of fact about Johnson Utilities’ plans and
16 history. On page 5 of the Staff Report, it states that Johnson Utilities serves 127
17 wastewater customers. This number, however, is from a 1999 report that is several years
18 old and clearly does not reflect the current size, sophistication and experience of Johnson
19 Utilities as a wastewater provider. Johnson Utilities presently serves approximately 800
20 homes.

21 Additionally, on page 5, the Staff Report states that Johnson does not plan to use
22 the Johnson Ranch Wastewater Treatment system to serve the proposed area. Unlike
23 AUSS, which is focusing on a small number of customers, Johnson Utilities has a master
24 plan for wastewater services in Pinal County, as evidenced by Johnson Utilities’ 208
25 application. Under this plan, the Johnson Ranch Wastewater system will be an integral
26 part of the service to the contested area and beyond. Clearly, the Johnson Ranch

1 Wastewater Treatment system has the capacity and can be interconnected with the
2 contested area. Johnson Utilities also owns two package plants that can be mobilized and
3 installed to meet immediate needs associated with any development in the area.
4 Consequently, because Johnson Utilities is an established wastewater service provider, it
5 has more than one option available to meet the needs of development in the contested area.
6 The choice of which option to use will require a balancing between the demands of the
7 developers and the costs to Johnson Utilities and its customers.

8 **Pecan Ranch**

9 Staff indicates in the conclusion to its Report that, if AUSS had filed its Application
10 “simultaneously with the Johnson Utilities Application in Docket No. WS-02987A-99-
11 0583, Staff would have recommended that the area north of Queen Creek in Section 29,
12 Township 2 South, Range 8 East be granted to AUSS.” Staff states that it would make this
13 recommendation in part because the Queen Creek wash serves as a natural boundary.
14 Staff makes these comments despite the fact that, in the prior Docket referenced by Staff,
15 the Administrative Law Judge denied AUSS’s untimely attempt to intervene, and Staff did
16 not object to this denial or revise its recommendation.

17 Johnson Utilities objects to this apparent change in position by Staff. Staff was
18 clearly aware of AUSS and its interest to serve the Pecan Ranch area at the time AUSS’s
19 application to intervene was denied. Yet, after AUSS was denied leave to intervene, Staff
20 continued to support its position in that hearing that Johnson Utilities be allowed to serve
21 the Pecan Ranch area. Additionally, at the hearing in that matter, testimony was offered
22 that the Queen Creek wash is not difficult to cross and therefore (despite Staff’s contention
23 in this matter) does not serve as a natural boundary.

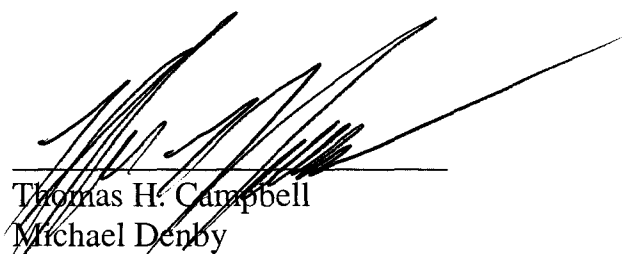
24 Accordingly, Johnson Utilities strongly objects to Staff’s attempt in its Staff Report
25 to reexamine its recommendation in Docket No. WS-02987A-99-0583 and asks that the
26 Administrative Law Judge disregard these comments.

Conclusion

Johnson Utilities respectfully disagrees with the Staff's recommendation that the Commission deny the extension requested in its Application and grant the extension requested by AUSS. As Johnson Utilities has shown through its Application and will further support at the hearing, granting the extension requested by Johnson Utilities in its Application will serve the public interest.

Respectfully submitted this 24th day of July, 2001.

LEWIS AND ROCA LLP



Thomas H. Campbell
Michael Denby
Michael T. Hallam
40 N. Central Avenue
Phoenix, Arizona 85004
Attorneys for Johnson Utilities Company

Original and ten (10) copies of
the foregoing hand-delivered
this 24th day of July, 2001, to:

The Arizona Corporation Commission
Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

LEWIS
AND
ROCA
LLP
LAWYERS

1 Copy of the foregoing hand-delivered
2 this 21st day of July, 2001, to:

3 Marc E. Stern
4 Administrative Law Judge
5 Arizona Corporation Commission
6 1200 W. Washington Street
7 Phoenix, Arizona 85007

8 Teena Wolfe
9 Arizona Corporation Commission
10 Legal Division
11 1200 W. Washington Street
12 Phoenix, Arizona 85007

13 Jim Fisher
14 Utilities Division
15 Arizona Corporation Commission
16 1200 W. Washington Street
17 Phoenix, Arizona 85007

18 Copy of the foregoing mailed
19 this 24th day of July, 2001, to:

20 Jeffrey C. Zimmerman
21 Brad K. Keogh
22 Moyes Storey Ltd.
23 3003 North Central Ave., Suite 1250
24 Phoenix, Arizona 85012

25 Gayne Williams
26

EXHIBIT 1

AZUSS
Arizona Utility Supply & Services, LLC
4545 E. Shea Blvd. #164 Phoenix, AZ 85028
(602) 923-9134 FAX (602) 923-9142

April 19, 2001

Mr. Jim Lee
Mr. Harry Redmond
Madison Diversified
115-988 Beach Ave.
Vancouver, British Columbia
V6Z-2N9

RE: Sewer Assessment Fee \$183,467.00
271 Lot subdivision so. Of Ocotillo Rd. & Vineyard
Pinal County, Arizona

Dear Mr. Lee, Mr. Redmond:

In accordance with our conversations in reference to the sewer assessment fee to be paid to Arizona Utility Supply & Services, LLC, it is mutually agreed that Madison Diversified will place the amount of \$183,467.00 in escrow to be disbursed to American Fiberglass and Arizona Utility Supply & Services, LLC on the following amounts and schedule:

May 1, 2001	Arizona Utility Supply & Services, LLC	\$31,717.00
May 1, 2001	American Fiberglass	\$35,437.50
June 1, 2001	American Fiberglass	\$35,437.50
July 1, 2001	American Fiberglass	\$35,437.50
Aug. 1, 2001	American fiberglass	\$35,437.50
Aug. 1, 2001	Arizona Utility Supply & Services, LLC	\$10,000.00
Total		\$183,467.00

Payment to American Fiberglass shall be made upon receipt of invoice from American Fiberglass with a notarized certification of work and product completed by American fiberglass.

The amount of \$183,467.00 in certified funds shall be placed in escrow and disbursed by:

Arizona Escrows (Attention: Don Graham, Pres.)
3700 N. 24th Street, Ste. 130
Phoenix, AZ 85016
(602) 956-2629

Funds shall be placed in an interest bearing account with the interest to pay for administrative and disbursement cost. Any surpluses and/or deficiencies shall be paid to or by Madison Diversified. Arizona Utility Supply & Services, LLC shall net the amount of \$183,467.00 regardless of any other cost as required by Madison Diversified.

Agreed to:

Agreed to:

Date
For Madison Diversified

Date
For Arizona Utility Supply & Services, LLC

Accepted:

Date
For American fiberglass

Arizona Utility Supply & Services, LLC

3420 E. Shea Blvd., Ste. 213 Phoenix, Arizona 85050

(602) 953-5128 (602) 569-3190

Fax (602) 569-3536

INVOICE

March 1, 2001

Invoice No. 010301

Mr. Harry Redmond

Mr. Jim Lee

Madison diversified

115-988 Beach Ave.

Vancouver British Columbia

V6Z-2N9

Sewer Connection Assessment fee due for 271 lots @ \$677 per lot.....\$183,467

Assessment fee for 271 lot subdivision at the S.E. corner of Octillo Rd.

& Kenworthy Rd., Pinal County, Arizona

the S.E. corner of

Arizona Utility Supply & Services, LLC

3420 E. Shea Blvd., Ste. 213 Phoenix, Arizona 85050

(602) 953-5128 (602) 569-3190

Fax (602) 569-3536

March 1, 2001

Mr. Jim Lee
Mr. Harry Redman
Madison Diversified
115-988 Beach Ave.
Vancouver, British Columbia
V6Z-2N9

**RE: Sewer Connection fee for Subdivision at S.E. Cor.
Ocotillo Rd. & Kenworthy, Pinal County, Arizona**

Dear Mr. Lee, Mr. Redmond

I have enclosed for your review, the franchise for sewer as granted to us by Pinal County, Arizona. Also attached are the exhibits showing your property and also other property that we are in the process of franchising.

Since my last letter of Feb. 15, 2001, we have assigned everything into Arizona Utility Supply & Services, LLC (AUSS) which is building the treatment plant and will also own the entire treatment and collection system. Per previous letters and conversations, the assessment for your subdivision will be \$677 per lot which also includes any hook up charges. At the present time the initial rates for each home owner shall be no more than \$30 per lot per residence. I have also included an invoice for the \$183,467 which is due and payable at this time.

Please call should you have any questions.

Very truly yours,
ARIZONA UTILITY SUPPLY & SERVICES, LLC

Maurice Lee
Member/Manager

Encl.

Sunbelt Sanitation Group, LLC

P.O. Box 30543 Phx., AZ 85046-0543
(602) 569-3190 FAX (602) 569-3536

Feb. 15, 2001

Mr. Harry Redmond
Madison Diversified
115-983 Beach Ave.
Vancouver, British Columbia
V6Z-2N9

Faxed to: (604) 533-6941 2/15/01
and (604) 685-2533

**RE: Sewer Connection Fees for Subdivision at SE Cor.
Ocotillo & Kenworthy, Pinal County, Arizona**

Dear Mr. Redmond:

Pursuant to our previous conversations and letters, enclosed herewith is a summary of the sewer assessment fee for the above captioned subdivision base on your preliminary plat of 271 lots. The amount of \$183,467 is due and payable at this time. Construction of the treatment has already begun.

271 Lots @ \$677 per Lot		\$183,467
Upsize 8" Sewer to 10"	\$ 3,850	
Upsize 4" force Main to 6"	\$ 4,188	
Upsize Lift Station Pumps	\$ 5,000	
	<hr/>	
(Already Paid)	\$13,038	\$ 13,038
		<hr/>
		\$196,505

\$196,505 ~~Divided~~ By 271 Lots = \$726 Per Lot

Please call should you have any questions

Very truly yours,
SUNBELT SANITATION GROUP, LLC


Maurice Lee
Member/Manager

cc: Jim Lee

Sunbelt Sanitation Group, LLC

4002 E. Taro Ln., Phx, AZ
P.O. Box 30543 Phoenix, Arizona 85046-0543
(602) 569-3190 Fax (602) 569-3536

July 31, 2000

Mr. Harry Redman
Madison Diversified Corporation
115-983 Beach Ave.
Bancouver, British Columbia
V6Z-2N9

**RE: Sewer Service - Proposed Subdivision at Ocotillo Rd. & Kenworthy,
Pinal County**

Dear Mr. Redman:

As a follow up from our letter of July 5, 2000, this will confirm in more detail that we will furnish sewer service for the above captioned site adjacent to and east of Cambria Homes Subdivision located east of the golf course at the south east corner of Ocotillo Rd. & Vineyard (Ironwood) Pinal County, AZ providing that Madison Diversified Corporation or assignee agrees to pay Sunbelt Utility Group on the following basis:

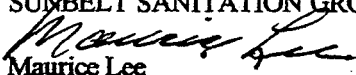
Description	Amount	Date Due
1. Up size 1,604 L.F. 8" Sewer to 10" Sewer @ \$2.40/L.F.	\$ 3,850	9/1/00
2. Up size 2,094 6" Force Main to 10" @ \$ 2.00/L.F.	\$ 4,188	9/1/00
3. Up size Lift Station Pumps from 7 1/2 H.P. to 10 H.P.	\$ 5,000	9/1/00
4. Sewer Assessment & Connection Fee @ \$677/Lot	\$187,529	1/2/01

Funds for Items No. 1 thru 3 (\$13,058) shall be deposited into an escrow account on or before September 1, 2000 to the satisfaction of Sunbelt Sanitation Group and shall be released to Sunbelt upon 100% completion of the construction of the lift station to be constructed in accordance with the sewer plans for Cambria Homes.

Funds for Item No. 4 (\$187,529) shall be deposited into an escrow account on or before January 1, 2001 to the satisfaction of Sunbelt Sanitation Group and shall be released to Sunbelt upon a percentage of completion on a monthly basis as construction begins for the new sewer treatment facility to be built in the south west corner of the Cambria Home subdivision. As construction of the treatment plant begins, 20% of Item No. 4 (\$37,505.80) shall be released to Sunbelt and then after the percent of completion shall be released to Sunbelt

All percentage of completion for funding shall be inspected and approved by Sunbelts' engineer and Madisons' engineer on an approved form to be forwarded to the escrow company directing them to disburse the progress payments to Sunbelt Sanitation Group.

Sunbelt agrees to keep Madison or their assigns updated as to the progress of the approval of engineering drawings and shall also give Madison a monthly updated as to the scheduling of construction of the lift station and treatment plant.

Very truly yours,
SUNBELT SANITATION GROUP, LLC

Maurice Lee
Manager

Approved and Accepted:

Date: _____

EXHIBIT 2

AZUSS
Arizona Utility Supply & Services, LLC

4545 E. Shea Blvd. #164 Phoenix, AZ 85028
(602) 923-9134 FAX (602) 923-9142

April 16, 2001

Mr. Mohamed A. Hegazy, Ph.D.
Wastewater Design Review Unit, WPS, WQD
Arizona Dept. of Environmental Quality
3033 N. Central Ave.
Phoenix, AZ 85012

RE: Engineering Review file No. 20000370
***Cambria Homes Lift Station**
Pinal County, Arizona

Dear Mr. Hegazy:

Please be advise that Arizona Utility Supply & Services, LLC has taken over and has been assigned the ownership of The Links at Ocotillo Wastewater Treatment Plant as well as the lift station under the above captioned file number.

Please find herewith enclosed the revised plans for the lift station showing the 100 year flood plain elevation as well as a copy of the signed conceptual County Approval Form from Pinal County.

Please advise as to when the plans can be issued the "Approval to Construct.

Very truly yours,
ARIZONA UTILITY SUPPLY & SERVICES, LLC


Maurice Lee
Member/Manager

cc: Terry Moore, P.E.
 Anita Pritchard, E.I.T. ADEQ Engineering Design Unit

EXHIBIT 3

STATE OF ARIZONA

AQUIFER PROTECTION PERMIT NO. P-102976

PART I. AUTHORIZATION TO DISCHARGE POLLUTANTS IN A MANNER SUCH THAT
CURRENT AND REASONABLY FORESEEABLE FUTURE USES OF THE
AQUIFER ARE PROTECTED

In compliance with the provisions of Arizona Revised Statutes (A.R.S.) Title 49, Chapter 2, Articles 1, 2 and 3; Arizona Administrative Code (A.A.C.) Title 18, Chapter 9, Article 1; A.A.C. Title 18, Chapter 11, Article 4; and conditions set forth in this permit:

Facility Name: The Links Estates Wastewater Treatment Plant

Owner & Operator:

The Links at Ocotillo Homeowners Association
7902 N. Black Canyon Highway, Suite 10
Phoenix, AZ 85051

is authorized to operate the Links Estates Wastewater Treatment Plant facility located at near the SE corner of Ocotillo and Vineyard near Apache Junction, AZ, Pinal County, over the Pinal A.M.A. groundwater basin in Township 02 S, Range 08 E, Section 20, NE1/4 NW1/4 - Gila and Salt River Base Line and Meridian:

Latitude	33° 14' 38"	North
Longitude	111° 33' 17"	West

This permit shall become effective on the date of the Division Director's signature and shall be valid for the life of the facility (operational, closure, and post-closure periods) provided that the facility is constructed, operated, and maintained pursuant to all the conditions of this permit according to the design and operational information documented or referenced in PARTS I, II, III, IV, V, VI, and VII of this Permit, and such that Aquifer Water Quality Standards are not violated.

Kimberly W. MacEachern

Director

Water Quality Division

Arizona Department of Environmental Quality

Signed this ____ day of _____, 1995

PART II. SPECIFIC CONDITIONS

A. Discharge Limitations

1. The permittee is authorized to operate a tertiary wastewater treatment plant (WWTP) with nitrogen removal and ultraviolet disinfection. The plant shall treat no more than an annual average of 75,000 gallons per day of domestic sewage. All of the effluent will be transported from the effluent holding pond near the WWTP to golf course lakes for reuse or directly from the effluent holding pond for reuse under the authority of a reuse permit issued by ADEQ. The WWTP shall be designed, constructed, and located according to plans approved by the ADEQ, Engineering Review and Permits Unit.
2. The materials authorized to be disposed of through the wastewater treatment plant are typical household sewage and pre-treated commercial wastewater and shall not include motor oil, gasoline, paints, varnishes, hazardous wastes, solvents, pesticides, fertilizers or other materials not generally associated with toilet flushing, food preparation, laundry facilities and personal hygiene.
4. Specific discharge limitations are specified in PART IV, TABLE I.

B. Monitoring Requirements

1. Discharge Monitoring

Discharge from the WWTP shall be monitored according to PART IV, TABLE I.

Discharge monitoring shall be performed at a point after disinfection and filtration at:

Identification	Latitude	Longitude
After disinfection and filtration	33° 14' 38.2" N	111° 33' 17" W

2. Groundwater Monitoring

a. Point(s) of Compliance

The point of compliance (POC) for this facility shall be designated at the following location:

Identification	Latitude	Longitude
SW corner of Effluent Pond	33° 14' 37" N	111° 33' 19" W

The Director may designate additional points of compliance if information on groundwater gradients indicates the need.

b. Monitoring Well Locations

Monitor wells are not required.

c. Ambient Groundwater Quality Monitoring

Not required.

d. Compliance Monitoring

Groundwater monitoring may be required as defined in Contingency Plan Requirements section II.C.

3. Operational Monitoring

a. Pre-operational QA/QC Requirements

Not required

b. Facility Maintenance Inspection

- (1) The pollution control structures shall be inspected for the items listed in PART IV, TABLE II. A log of these inspections shall be kept at the facility for ten (10) years from the date of each inspection, available for review by ADEQ personnel.
- (2) If any damage of the pollution control structures is identified during inspection, proper repair procedures shall be performed. All repair procedures and material(s) used shall be documented on the Self-Monitoring Report and Documentation Form and submitted quarterly to the ADEQ, Inspections, Compliance & Enforcement Unit.

c. Fissure Monitoring

Not Required.

4. Sampling Protocols

a. Discharge Monitoring System

Sample collection, preservation, and holding times shall be consistent with the most recent ADEQ Quality Assurance Project Plan or procedures described in EPA 40 CFR PART 136.

b. Groundwater Monitoring

Groundwater monitoring is not required.

If groundwater monitoring is required per Contingency Plan II.C, then permittee shall follow conditions as stated below.

- (1) Sampling procedures, preservation techniques and holding times shall be consistent with the most recent ADEQ Quality Assurance Project Plan.
- (2) Static water levels shall be measured and recorded prior to sampling. Wells shall be purged of at least three borehole volumes (as calculated using the static water level) or until indicator parameters (pH, temperature, conductivity) are stable, whichever represents the greater volume. If evacuation results in the well going dry, the well should be allowed to recover to 80% of the original borehole volume, or for 24 hours, whichever is shorter, prior to sampling. If after 24 hours there is not sufficient water for sampling, the well will be recorded as dry for the monitoring event. An explanation for reduced pumping volumes, a record of the volume pumped, and modified sampling procedures shall be reported on the Self-Monitoring Report and Documentation Form.

5. Installation and Maintenance of Monitoring Equipment

a. Discharge Monitoring Equipment

The permittee shall provide monitoring or sampling access, ports, or devices at the facility for all monitoring required in this permit.

b. Groundwater Monitoring Equipment

Groundwater monitoring is not required.

If groundwater monitoring is required per Contingency Plan II.C, then permittee shall follow conditions as stated below.

Any groundwater monitoring wells, if required by this permit, shall be installed and maintained according to plans approved by the ADEQ, Wastewater & Reuse Unit so that proper groundwater samples can be collected. Should additional groundwater wells be determined necessary, the construction details shall be submitted to the ADEQ Wastewater & Reuse Unit for approval.

6. Monitoring Records

The following information associated with each sample, inspection or measurement and the name of each individual who performed the sampling or measurement should be included in the monitoring records;

- a. Date, time and exact place of sampling, inspection, or measurement and the name of each individual who performed the sampling or measurement.
- b. Procedures used to collect the sample or make the measurement.
- c. Date on which sample analysis was completed.
- d. Name of each individual and laboratory who performed the analysis.
- e. Analytical techniques or methods used to perform the sampling and analysis; laboratory detection limit for each test method performed; analytical variance for each parameter analyzed.
- f. Chain of custody records.
- g. Any field notes relating to the information described in subparagraphs a through f above.

C. Contingency Plan Requirements

The permittee shall maintain at least one copy of the approved contingency plan(s) at the location where day-to-day decisions regarding the operation of the facility are made. The permittee shall advise anyone responsible for the operation of the facility of the location of copies of all contingency and emergency plans.

The following shall be the contingency plan for this facility in addition to any site specific contingency plan approved by ADEQ.

1. General AL/DL Contingencies

a. Alert Level (AL) or Discharge Limit (DL) Exceedance

- (1) The permittee shall notify the Department at the address specified in PART II.H.1 within five days of becoming aware of the exceedance of an Alert Level or Discharge Limit.
- (2) Verification sampling shall be conducted within five days of becoming aware that Alert Level or Discharge Limit has been exceeded.
- (3) Within five days of receiving the results of verification sampling from the laboratory, the permittee shall notify the Department of the results, at the address indicated in PART II.H.1, regardless of whether the results are positive or negative.
 - (a) If the results of verification sampling indicate that an AL or DL has not been exceeded, no further action is required until the next scheduled monitoring round.
 - (b) If the results verify that an AL or DL has been exceeded, the permittee shall, within 30 days of receiving the laboratory results verifying that an AL or DL has been exceeded, submit to the ADEQ, Inspections, Compliance & Enforcement Unit, either (i) or (ii) of the following:
 - (i) a written report which includes the documentation specified in PART II.H.3.b. Upon approval by the Department, The permittee shall initiate the actions necessary to mitigate the impacts of the exceedance. At a minimum, the plan shall include provisions for more frequent sampling until constituent concentration is below the AL or DL for two consecutive samples. The plan shall indicate if any additional parameters are to be tested.

- (ii) a demonstration that the AL or DL exceedance resulted from error(s) in sampling, analysis, or statistical evaluation.
- (4) In the event of an AL or DL exceedance, the Department may require additional monitoring, studies, or remedial activities beyond those specified in this permit. In addition, if the permittee submits a demonstration that the AL or DL exceedance was due to error(s) in sampling, analysis, or statistical evaluation, and this demonstration is not accepted by the ADEQ, the Department may require that the permittee submit the documentation included in PART II.H.3.b.
- (5) In the event that an AL or DL is exceeded for four consecutive months, the Director may require that monitor wells be installed at the point of compliance and upgradient of the facility. At that time, a groundwater monitoring plan including a parameter list, parameter limits, sampling frequencies, and protocols will be added to this permit based on the AL or DL exceedance data. Any parameter exceedance resulting from the added groundwater monitoring plan indicated in this paragraph shall follow the General Contingencies indicated in Part II.C.1 of this permit.

2. Accidental Discharge

- a. The permittee shall correct any failure that results in the violation of permit conditions and take the following actions:
 - (1) Within 30 days of a spill that might cause the exceedance of an AQL or might cause imminent and substantial endangerment to public health or the environment, the permittee shall submit to the ADEQ Inspections, Compliance & Enforcement Unit a written report that includes the documentation required in PART II.H.3.
 - (2) Upon review of the above required report, the Department may require additional monitoring and/or actions.
- b. Spills

In the event of any accidental spill or unauthorized discharge of suspected hazardous or toxic materials on the facility site the related area shall be promptly isolated and attempts to identify the material shall be made. Information on persons that may have been exposed to the material will be recorded. The permittee shall remove and dispose of the material according to applicable federal, state and city regulations.
- c. Emergency Response

- (1) The permittee shall provide for emergency response on a 24-hour basis in the event that a condition arises which results in imminent and substantial endangerment to public health or the environment. The plan shall be kept at the facility and provide for the following:
 - (a) designation of an emergency response coordinator who shall notify ADEQ, Inspections, Compliance & Enforcement Unit and activate the necessary contingency plan in the event of an emergency;
 - (b) a general description of the procedures, personnel and equipment to be used to assure appropriate mitigation of unauthorized discharges; and
 - (c) a list of names, addresses and telephone numbers of persons to be contacted in the event of an emergency.
- (2) The emergency response coordinator shall notify the ADEQ, Inspections, Compliance & Enforcement Unit immediately in the event that emergency response measures are taken or those portions of the contingency plan that address an imminent and substantial endangerment are activated.

d. Drainage Failure

- (1) If a drainage structure such as a ditch or diversion berm fails or is blocked, prompt action shall be taken immediately to repair it. Any temporary repairs shall be replaced by permanent repairs to be performed as soon as conditions allow. The repairs or permanent replacement of the temporary structure shall be designed to prevent future failures.

3. Failure of ultraviolet disinfection unit

- a. The permittee may use a backup chlorination system for emergency use only. Within five days, the permittee shall notify the Wastewater & Reuse Unit in writing any time the chlorination system has been used. The notification shall include the start of chlorine use and the anticipated cessation of use.

D. Temporary Cessation

The permittee shall notify the ADEQ Inspections, Compliance & Enforcement Unit in writing before temporary cessation of any operation at the facility. Notification of the temporary cessation does not relieve the permittee of any permit requirements unless otherwise specified in this permit.

Accompanying the notification shall be a description of any measures to be taken to maintain discharge control systems such that discharge is minimized to the maximum extent practicable during temporary cessation.

E. Closure

1. The permittee shall notify the ADEQ, Inspections, Compliance & Enforcement Unit of his intent to cease, without intent to resume, an activity for which the facility was designed or operated prior to ceasing. Within 90 days following notification, the permittee shall submit for approval, to ADEQ, Inspections, Compliance & Enforcement Unit, a closure plan that eliminates, to the greatest extent practicable, any reasonable probability of further discharge from the facility and of exceeding Aquifer Water Quality Standards at the applicable point of compliance. The plan shall describe the following details:
 - a. The approximate quantities and the chemical, biological, and physical characteristics of the materials to be removed from the facility;
 - b. the destination of the materials to be removed from the facility and an indication that placement of the materials at that destination is approved;
 - c. the approximate quantities and the chemical, biological, and physical characteristics of the materials that will remain at the facility;
 - d. the methods to be used to treat any materials remaining at the facility;
 - e. the methods to be used to control the discharge of pollutants from the facility;
 - f. any limitations on future land or water uses created as a result of the facility's operations or closure activities;
 - g. the methods to be used to secure the facility;
 - h. an estimate of the cost of closure; and
 - i. a schedule for implementation of the closure plan and the submission of a post-closure plan.
2. Upon completion of closure activities, the permittee shall give written notice to ADEQ Inspections, Compliance & Enforcement Unit indicating that the approved closure plan has been implemented fully, and shall provide proof of the inclusion in the deed to the property of complete information about the materials buried or discharged at the facility and any limitations on future land or water uses created as a result of the facility's operations or closure activities.

F. Post-Closure

1. Post-closure requirements by the ADEQ, Wastewater & Reuse will be based on the review of facility closure activities.

2. If a post-closure plan is deemed to be necessary, the plan shall describe all the following:
 - a. The duration of the post-closure care.
 - b. The monitoring procedures to be implemented by the permittee, including monitoring frequency, type, and location.
 - c. A description of the operating and maintenance procedures to be implemented for aquifer quality protection devices, such as liners, treatment systems, pump-back systems, and monitoring wells.
 - d. A schedule and description of physical inspections to be conducted at the facility following closure.
 - e. An estimate of the cost of post-closure maintenance and monitoring.
 - f. A description of limitations on future land or water uses, or both, at the facility site as a result of facility operations.
3. The permittee shall notify ADEQ Inspections, Compliance & Enforcement Unit in writing when the post-closure activities have been completed.

G. Compliance Schedule Requirements

1. A copy of the emergency response plan shall be submitted to the ADEQ, Inspections, Compliance & Enforcement Unit within 30 days from the effective date of this permit. The plan shall include the information as referenced in PART II.C.2.c.
2. The permittee shall obtain an insurance policy, performance bond, trust fund, or execute a financial warranty for a Certificate of Deposit in the amount of \$15,000 prior to issuance of the Letter of Approval to Operate by the ADEQ, Engineering Review & Permits Unit unless the applicant has otherwise demonstrated financial capability to the satisfaction of the Department.

H. Reporting Requirements

1. Reporting Location

Signed copies of all reports required herein shall be submitted to the Department

Arizona Department of Environmental Quality
Inspections, Compliance & Enforcement Unit
3033 N. Central Ave.
Phoenix, Arizona 85012
Phone Number: (602) 207-4675

2. Monitoring Reporting

- a. The permittee shall complete the Self-Monitoring Report and Documentation Form provided by the Department to reflect facility inspection requirements designated in PART IV, TABLE II and submit to the ADEQ, Inspections, Compliance & Enforcement Unit quarterly along with other reports required by this permit. Facility inspection reports shall be submitted no less frequently than quarterly, regardless of operational status.
 - b. PART IV, TABLE I contains the frequency for reporting results from discharge monitoring requirements. Results shall be submitted in the Self-Monitoring Report Form. Monitoring methods shall be recorded and any deviations from the methods and frequencies prescribed in this permit shall be reported.
 - c. The permittee shall complete the Self-Monitoring Report Forms, to be supplied by the Department, to the extent that the information reported may be entered on the form. The results of all monitoring required by this permit shall be submitted in such a format as to allow direct comparison with the limitations and requirements of the permit.
3. Permit Violation or Alert Level Exceedance Reporting
- a. The permittee shall notify the ADEQ, Inspections, Compliance & Enforcement Unit within five days of becoming aware of a violation of any permit condition or an Alert Level having been exceeded.
 - b. The permittee shall submit a written report within 30 days after becoming aware of the violation of a permit condition or of an Alert Level having been exceeded. The report shall document all the following:
 - (1) A description of the violation and its cause;
 - (2) the period of violation, including exact date(s) and time(s), if known, and the anticipated time period during which the violation is expected to continue;
 - (3) any action taken or planned to mitigate the effects or the violation, or to eliminate or prevent recurrence of the violation;
 - (4) any monitoring activity or other information which indicates that any pollutants would be reasonably expected to cause a violation of an Aquifer Water Quality Standard; and
 - (5) any malfunction or failure of pollution control devices or other equipment or process.
4. Modification Reporting
- a. All requests for permit modifications shall be done according to PART VI.H.3., unless otherwise specified in this permit.

- b. Requests for a major modification to a facility (as defined in PART V.C.24.) shall be submitted at least 180 calendar days before making the major modification.

5. Operational Reporting

- a. The permittee shall report operational conditions listed in PART IV, TABLE III in the Self-Monitoring Report form quarterly. If none of the conditions occur, the report shall say "no event" for a particular reporting period. If the facility is not in operation, the permittee shall indicate that fact in the Self-Monitoring Report.
- b. The permittee shall submit data required in PART IV, TABLES I through III regardless of the operating status of the facility unless otherwise approved by the Department or allowed in this permit.

6. Self-Monitoring Reports

The Self-Monitoring Report shall include: Copies of laboratory analysis forms, documentation on sampling date and time, name of sampler, sampling method, analytical method, method detection limit, date of analysis, preservation and transportation procedures, and analytical facility. For well samples include static water level prior to sampling, purging volume and indicator parameters. Data shall be compiled on standardized forms which allow comparison with past reports.

7. Samples taken report due by:

Samples taken during quarter beginning	Quarterly Report due by
Jan	Apr 28
Apr	Jul 28
Jul	Oct 28
Oct	Jan 28

PART III. OTHER CONDITIONS

A. Analytical Methodology

The water samples shall be analyzed using EPA approved methods or Arizona State approved methods listed in PART IV, TABLE I. The analysis shall be performed by a laboratory licensed by the Arizona Department of Health Services, Office of Laboratory Licensure & Certification. For results to be considered valid, all analytical work shall meet quality control standards specified in the approved methods. A list of certified laboratories can be obtained at the address listed below:

Arizona Department of Health Services
Office of Laboratory Licensure & Certification
3443 North Central Avenue
Phoenix, Arizona 85012
Phone Number: (602) 255-3454

B. Environmental Laboratory Contact

Upon submittal of the samples to a state-certified laboratory for analysis, a copy of the signed permit shall be forwarded to the laboratory for reference.

PART IV. TABLES

TABLE I
 DISCHARGE MONITORING

Sampling Point Number	Identification	Latitude	Longitude
1	Discharge from the plant after disinfection and filtration	33° 14' 38.2" N	111° 33' 17" W

Parameter	AL	DL ¹ ,	Analytical Method ²	Sampling Frequency ³	Reporting Frequency
Flow	N/A ⁴	.075 MGD ⁵	N/A	Daily	Quarterly
Bacteria:					
Total Coliform	N/A	200CFU ⁶	see footnote #2	Monthly	Quarterly
Nutrients:					
Total Nitrogen ⁷	8.0	10 mg/l		Monthly	Quarterly
Nitrate/Nitrite	8.0	"	EPA 352.1	"	"
Total Kjeldahl Nitrogen (TKN)	8.0	"	EPA 351.1	"	"
Metals:⁸					
Antimony	0.0048	0.006		Yearly	Yearly
Arsenic	0.040	0.05	EPA 206.2	"	"
Barium	1.60	2.00	EPA 208.2	"	"
Beryllium	0.0032	0.004		"	"
Cadmium	0.004	0.005	EPA 213.2	"	"
Chromium	0.08	0.1	EPA 218.2	"	"
Lead	0.040	0.05	EPA 239.2	"	"
Mercury	0.0016	0.002	EPA 245.2	"	"
Nickel	0.08	0.1		"	"
Selenium	0.040	0.05	EPA 270.2	"	"

¹ All Discharge Limits in this table are listed in mg/l except flow, which is in million gallons per day (MGD).

² The permittee may use any EPA approved analytical method, or any other method recognized by the ADHS Laboratory Licensure Rules for each parameter required by this permit as long as the substituted method provides detection limits which are equal to, or lower than the limits of the parameters specified in this permit. ADEQ reserves the right to determine the adequacy of laboratory results based upon the achieved detection limits.

³ Sample frequency for total metals shall be once per quarter regardless of point of discharge.

⁴ N/A = Not Applicable.

⁵ Million gallons per day calculated on an annual average daily flow based on monthly average.

⁶ CFU = Colony Forming Units present in a 100 ml sample. 200CFU shall be calculated as the geometric mean for the five most recent samples.

⁷ Total Nitrogen is equal to Nitrate-Nitrite-N plus TKN.

⁸ All Metals indicated in this permit are total metals.

TABLE II.A and TABLE II.B
AMBIENT MONITORING AND
GROUNDWATER MONITORING
(NOT REQUIRED)

TABLE II
FACILITY INSPECTION

Parameter	Performance Levels	Inspection Frequency
Berm Integrity	No Visible Erosion	Monthly
Pump Integrity	Good working condition	Weekly
Free Board in Ponds	Minimum of 3 feet	Monthly
Treatment Plant Components	Good working condition	Weekly

TABLE III
OPERATIONAL REPORTING SUMMARY

Operational Condition	Specific Reference for Necessary Action
Alert Level or Discharge Limit Exceedance	PART II.C.1.a
Groundwater Alert Level Exceedance (if required by PART II.C.1.a.5)	PART II.C.1.a
Aquifer Quality Level Violation (if required by PART II.C.1.a.5)	PART II.C.1.a
Accidental Discharge	PART II.C.3
Emergency Response	PART II.C.2.c
Temporary Cessation	PART II.D
Closure	PART II.E
Post-Closure	PART II.F
Major Modification to Facility	PART II.H.4.b
Modification to Permit	PART VI.H.3
Change in Owner or Operator	PART VI.H.4
Bankruptcy or Environmental Enforcement Against the Permittee	PART VI.C

PART V. REFERENCES: PERTINENT INFORMATION

A. References

The terms and conditions set forth in this permit have been developed based upon the information contained in the following:

1. Field Inspection Form(s) dated _____
2. Permit Application dated: January 13, 1995
3. Aquifer Impact Review dated: March 14, 1995
4. Plan Review File Number: 940671
5. Plan Approval by Plan Review & Permits dated _____
6. Amendments to above No. 2 dated _____
7. Public Notice dated: April 19, 1995
8. Public Hearing comments, correspondence and any additional supplemental information contained in the permit file.

9. Other _____

B. Facility Information

1. Facility Contact Person: Scott Larson
2. Address: 21442 N. 20th Ave, Phoenix, AZ 85027
3. Emergency Telephone Number: 602-582-0260

The Department shall be notified within 30 days of the change in facility contact person.
4. Landowner of Facility Site: The Links at Ocotillo Homeowners Association

Address: 7902 N. Black Canyon Highway, Suite 110
Phoenix, AZ 85051

C. Definitions

1. "Alert Level (AL)" means a numeric value, expressing either a concentration of a pollutant or a physical or chemical property of a pollutant, which is established in an individual Aquifer Protection Permit and which serves as an early warning indicating a potential violation of either an Aquifer Water Quality Standard at the applicable point of compliance, or any permit condition.
2. "Applicant" means the owner or operator of the facility.
3. "Aquifer Protection Permit (APP)" means an individual, or general permit issued pursuant to A.R.S. Section 49-203 and 49-241 through 251, and A.A.C. R18-9-101 et sec.
4. "Aquifer Quality Limit (AQL)" means the maximum amount of a given constituent which the permit conditions allow in the aquifer at the point of compliance.
5. "Aquifer Water Quality Standard" means a standard established pursuant to A.R.S. Section 49-221 and 49-223.
6. "Areal composite sample" means a set of samples collected from an area and combined into a single sample. The number and spacing shall be representative of the quality of the accumulated material.
7. "BADCT" means the Best Available Demonstrated Control Technology, processes, operating methods, or other alternatives to achieve the greatest degree of discharge reduction determined for a facility by the Director pursuant to A.R.S. Section 49-243.B and D.
8. "Chain of Custody Form" is used to maintain and document sample possession for enforcement purposes (User's Guide to the EPA Contract Laboratory Program).
9. "Department" means the Department of Environmental Quality.
10. "Director" means the Director of Environmental Quality or the Director's designee.
11. "Discharge" means, for purposes of the aquifer protection permit program prescribed by A.R.S. Title 49, Chapter 2, Article 3, the addition of a pollutant from a facility either directly to an aquifer or the land surface or the vadose zone in such a manner that there is a reasonable probability that the pollutant will reach an aquifer.
12. "Discharge Impact Area" means the potential areal extent of pollutant migration, as projected on the land surface, as the result of a discharge from a facility.
13. "Discharge Limitation (DL)" means any restriction, prohibition, limitation or criteria established by the Director, through a rule, permit or order, on quantities, characteristics of pollutants.
14. "Drywell" has the meaning ascribed to it in A.R.S. Section 49-331.3.
15. "Environment" means navigable waters, any other surface water, groundwater, drinking water supply, land surface, subsurface strata or ambient air, within or bordering on this state.

16. "Exceedance" means violation of environmental protection standards by exceeding allowable limits or concentration levels.
17. "Existing facility" means a facility on which construction began before September 26, 1989 and which is neither a new facility nor a closed facility. For purposes of this definition construction on a facility has begun if the facility owner or operator has either:
 - a. Begun, or cause to begin, as part of a continuous on-site construction program any placement, assembly or installation of a building, structure or equipment; or
 - b. Entered a binding contractual obligation to purchase a building, structure or equipment which is intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss, and contracts for feasibility engineering and design studies, do not constitute a contractual obligation for purposes of this definition.
18. "Facility" means any land, building, installation, structure, equipment, device, conveyance, area, source activity or practice from which there is, or with reasonable probability may be, a discharge.
19. "Groundwater Quality Protection Permit" means a permit issued by the Arizona Department of Health Services or the Department pursuant to A.A.C. R9-20-208 prior to September 26, 1989.
20. "Hazardous substance" means:
 - a. Any substance designated pursuant to Section 311(b)(2)(a) and 307(a) of the Clean Water Act;
 - b. any element, compound, mixture solution or substance designated pursuant to Section 102 of CERCLA;
 - c. any hazardous waste having the characteristics identified under or listed pursuant to A.R.S. 49-922;
 - d. any hazardous air pollutant listed under 112 of the Federal Clean Air Act (42 United States Code Section 7412);
 - e. any imminently hazardous chemical substance or mixture with respect to which the administrator has taken action pursuant to Section 7 of the Federal Toxic Substances Control Act (15 United States Code Section 2606); and
 - f. any substance which the Director, by rule, either designates as a hazardous substance following the designation of the substance by the Administrator under the authority described in subdivisions (a) through (e) of this paragraph or designates as a hazardous substance on the basis of a determination that such a substance represents an imminent and substantial endangerment to public health.

21. "Inert material" means that which is insoluble in water and will not decompose or leach substances to water, such as broken concrete, brick, rock, gravel, sand, uncontaminated soils.
22. "Injection well" means a well which receives a discharge through pressure injection or gravity flow.
23. "mg/l" means milligrams per liter.
24. "Major Modification(s) to a Facility" means any of the following:
- a. A physical change in an existing facility or change in its method of operation that results in a significant alteration in the characteristics or volume of the pollutants discharged.
 - b. The addition of a process or major piece of production equipment, building or structure that is physically separated from the existing operation and that causes a discharge.
25. "NPDES Permit" means a permit issued by the United States Environmental Protection Agency for discharge to the waters of the United States as required by the Clean Water Act, as amended.
26. "New Facility" means a previously closed facility that resumes operation or a facility on which construction was begun after the effective date of this chapter on a site at which no other facility is located or to totally replace the process or production equipment that causes the discharge from an existing facility. A major modification to an existing facility is deemed a new facility to the extent that the criteria in A.R.S. 49-243, subsection B, paragraph 1 can be practicably applied to such modification.
27. "Operator" means any person who makes management decisions regarding facility operations governed by this permit.
28. "Owner" means any person holding legal or equitable title in any real property subject to this permit.
29. "Point of Compliance" means the designated point or points as determined by the Director pursuant to A.R.S. Title 49, Section 244.
30. "Pollutant" means fluids, contaminants, toxic wastes, toxic pollutants, dredged spoil, solid waste, substances and chemicals, pesticides, herbicides, fertilizers and other agricultural chemicals, incinerator residue, sewage, garbage, sewage sludge, munitions, petroleum products, chemical wastes, biological materials, radioactive materials, heat, wrecked or discarded equipment, rock, sand, cellar dirt and mining, industrial, municipal and agricultural wastes or any other liquid, solid, gaseous or hazardous substances.
31. "Recharge project" has the meaning ascribed to it A.R.S. Section 45-651.5.
32. "Regulation" means A.A.C. Title 18, Chapter 9, Article 1, requirements for facilities affecting aquifer water quality.

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- 33. "Sewage" means wastes from toilets, baths, sinks, lavatories, laundries, and other plumbing fixtures in residences, institutions, public and business building, mobile homes, watercraft, and other places of human habitation, employment, or recreation.
- 34. "Sewage disposal system" means a system for a sewage collection, treatment and discharge by surface or underground methods.
- 35. "Surface impoundment" means a pit, pond or lagoon, having a surface dimension that is equal to or greater than its depth, which is used for the storage, holding, settling, treatment or discharge of liquid pollutants containing free liquids.
- 36. "Temporary cessation" means any cessation or operation of a facility for a period of greater than 60 days but which is not intended to be permanent.
- 37. "Toxic pollutant" means a substance that will cause significant adverse reactions if ingested in drinking water. Significant adverse reactions are reactions that may indicate a tendency of a substance or mixture to cause long-lasting or irreversible damage to human health.
- 38. "ug/l" means micrograms per liter.
- 39. "Underground storage and recovery project" has the meaning ascribed to it in A.R.S. Section 45-802.6.
- 40. "Vadose zone" means the zone between the ground surface and any aquifer.
- 41. "Well" means a bored, drilled or driven shaft, pit or hole whose depth is greater than its largest surface dimension.

PART VI. GENERAL CONDITIONS: RESPONSIBILITIES

A. Preservation of Rights

This permit shall not be construed to abridge or alter causes or action or remedies under the common law or statutory law, criminal or civil, nor shall any provision of this permit, or any act done by virtue of this permit, be construed so as to stop any person, this State or any political subdivision of this site, or owners or land having groundwater or surface water rights or otherwise, from exercising their rights or, under the common law or statutory law, from suppressing nuisances or preventing injury due to discharges.

B. Monitoring Requirements

The permittee shall conduct any monitoring activity necessary to assure compliance with any permit condition, with Aquifer Water Quality Standards, and with A.R.S. 49-241 through 49-251:

1. The permittee shall install, use and maintain all monitoring equipment in acceptable condition or provide alternate methods approved by the Department; and
2. the permittee is required to conduct monitoring of a type and frequency sufficient to yield data, which are representative of the monitored activity and approved by the Department.

C. Reporting of Bankruptcy or Environmental Enforcement

The permittee shall notify the ADEQ, Inspections, Compliance & Enforcement Unit within five (5) days after the occurrence of either:

1. The filing of bankruptcy by the permittee; or
2. the entry or any order or judgement against the permittee for the enforcement of any environmental protection statute and in which monetary damages or civil penalties are imposed.

D. Site Examination

1. On presentation of credentials, the Department may, if reasonably necessary, inspect the facility or an activity used for the generation, storage, treatment, collection or disposal of any waste or pollutant, and where records are kept for the purpose of ensuring compliance with A.R.S. Title 49, Chapter 2, A.A.C. R18-9-101 through 130 and this permit, or to verify information submitted in a permit application, or documented in a permit including any permit conditions.
2. The Department may:
 - a. Obtain samples;

- b. analyze or cause to be analyzed any samples either on-site or at another location;
 - c. take photographs;
 - d. inspect equipment, activities, facilities and monitoring equipment or methods of monitoring; or
 - e. inspect and copy any records required to be maintained.
3. Any pertinent information required by the permit shall be available for on-site inspection during normal business hours. The owner or operator of the property shall be afforded the opportunity to accompany a Department inspector. Split samples, receipts, and copies of photographs will be provided to the facility owner or operator if the owner or operator requests them at the time the samples(s) is (are) obtained or the photograph(s) is (are) taken as the case may be. A copy of the results of any analyses made of samples, monitoring, or testing shall be furnished promptly to the owner or operator.
4. Inspections shall be conducted pursuant to the appropriate provisions of the Arizona Revised Statutes.

E. Proper Operation

- 1. The permittee shall at all times operate the facility so as to ensure the greatest degree of discharge reduction achievable through application of the best available demonstrated control technology, processes, operation methods or other alternatives, including, where practicable, no discharge of pollutants as determined in the application process.
- 2. The permittee shall operate the facility to ensure that pollutants discharged will in no event cause or contribute to a violation of aquifer water quality standards at the applicable point of compliance for the facility, or that no pollutants discharged will further degrade, at the applicable point of compliance, the quality of any aquifer, that already violates the aquifer quality standard for that pollutant.

F. Technical and Financial Capability

- 1. The permittee shall maintain the technical and financial capability necessary to fully carry out the terms of this permit.
- 2. Any bond, insurance policy or trust fund provided as a demonstration of financial capability in the permit application (R18-9-108.8.c.iii.) shall be in effect prior to any activity authorized by this permit and remain in effect for the duration of the permit.

G. Other Rules and Laws

The issuance of this permit does not waive any federal, state, county or local government rules, regulations or permits applicable to this facility.

H. Permit Actions

1. This permit may be modified, transferred, renewed or revoked under the rules of the Department. The filing of a request by the permittee for a permit action does not stay any existing permit condition.
2. The Director shall issue a public notice of all proposed permit actions pursuant to R18-9-124.
3. Permit Modification
 - a. Request for modification of a permit shall be made in writing by the permittee, the Department, or any affected person, and shall identify the specific item(s) to be considered for modification and the facts and reasons which justify the request.
 - b. The permittee may be required to submit additional information pursuant to A.A.C. R18-9-108, including an updated permit application.
 - c. The Director may modify an individual Aquifer Protection Permit if the Director determines any one or more of the following:
 - (1) That material and substantial alterations or additions to a permitted facility justify a change in permit conditions;
 - (2) that the discharge from the facility violates or could reasonably be expected to violate any Aquifer Water Quality Standard;
 - (3) that rule or statutory changes have occurred, such as to require a change in the permit; and/or
 - (4) that there has been a change of an applicable point of compliance.
 - d. With written concurrence of the permittee, the Department may make minor modifications to a permit for any of the following reasons without giving public notice or conducting a public hearing:
 - (1) To correct typographical errors;
 - (2) increase the frequency of monitoring or reporting;
 - (3) change an interim compliance date in a compliance schedule if the permittee can show just cause and that the new date does not interfere with the attainment of a final compliance date requirement;

- (4) change construction requirements, if the alteration complies with the requirements of these rules and provides equal or better performance; or
- (5) replace monitoring equipment, including wells, if such replacement results in equal or greater monitoring effectiveness.

4. Permit Transfer

- a. The Director may transfer an individual Aquifer Protection Permit if the Director determines that the proposed transferee will comply with A.R.S. 49-241 through 49-251 and A.A.C. Chapter 9, Article 1, regardless of whether the permittee has sold or otherwise disposed of the facility, until the Director transfers the permit.
- b. The proposed transfer or and the transferee shall notify the Department within ten days after any change in the owner or operator of the facility. The notice shall include the name and signature of the transferor owner or operator, the name and signature of the transferee owner or operator; and the name and location of the facility.
- c. Information required in R18-9-108.A.1, 2, 3 and 6; B.7, 8, and 9; and D. shall be submitted about the transferee prior to transfer of the permit.

5. Permit Revocation and Suspension

The Director may suspend or revoke this permit for any of the following reasons:

- a. Noncompliance by the permittee with any applicable provision of Title 49, Chapter 2, Article 3 or the Arizona Revised Statutes, A.A.C. Title 18, Chapter 9, Article 1 or permit conditions;
- b. the permittee's misrepresentation or omission of any fact, information or data related to the permit application or permit;
- c. the Director determines that the permitted activity is causing or may cause a violation of any Aquifer Water Quality Standard; or
- d. a permitted discharge has the potential to cause or will cause imminent and substantial endangerment to public health or the environment.

I. Confidentiality of Information

1. Any information submitted to or obtained by the Department pursuant to A.R.S. 49-243 may be available to the public unless it is designated confidential. Information or a particular part of the information shall be considered confidential on either:
 - a. A showing, satisfactory to the Director, by any person that the information, or a particular part of the information, if made public, would divulge the trade secrets of the person; or
 - b. a determination by the attorney general that disclosure of the information or a particular part of the information would be detrimental to an ongoing criminal investigation or to an ongoing or contemplated civil enforcement action under A.R.S. Title 49, Chapter 2 in Superior Court.
2. Criteria for Determining Confidentiality
 - a. A confidentiality claim has been made at the time the information was submitted or obtained;
 - b. the facility owner or operator has shown that reasonable measures have been taken to protect the confidentiality of the information and intends to continue to take such measures;
 - c. the information is not, and has not been, reasonably obtainable without the facility owner or operator's consent by persons other than governmental bodies by use of legitimate means, other than discovery based on a showing of special need in a judicial or quasi-judicial proceeding;
 - d. no statute or rule specifically requires disclosure of the information; and
 - e. the facility owner or operator has shown that disclosure of the information is likely to cause harm to its competitive position.
3. Financial information required in the permit or permit application will be held confidential. Notwithstanding, the Director may disclose any records, reports or information obtained from any person in regard to this permit, including records, reports or information obtained by the Director or Department employees, to:
 - a. Other state employees concerned with administering A.R.S. Title 49, Chapter 2, or if the records, reports or information are relevant to any administrative or judicial proceeding under that chapter; and/or
 - b. employees of the United States Environmental Protection Agency, if such information is necessary or required to administer and implement or comply with the Clean Water

Act, and Safe Drinking Water Act, CERCLA or provisions and regulations relating to those acts.

4. Claims of confidentiality for the following information shall be denied:
 - a. The name and address of any permit applicant or permittee;
 - b. the chemical constituents, concentrations and amounts of any pollutant discharge; or
 - c. the existence or level of a concentration of a pollutant in drinking water or in the environment.

J. Violations; Enforcement

Any person who owns or operates a facility contrary to the provisions of A.R.S. Title 49, Chapter 2, who violates the conditions specified in the A.A.C. Title 18, Chapter 9, Article 1, or this permit, is subject to the enforcement actions prescribed in A.R.S. Title 49, Chapter 2, Article 4 or the Arizona Revised Statutes.

PART VII. AQUIFER WATER QUALITY STANDARDS

A. General Standards Applicable to all Aquifers

1. A discharge shall not cause the concentration of a pollutant in an aquifer to exceed at an applicable point of compliance any one of the maximum concentrations prescribed in A.A.C. R18-11-406, unless a higher Aquifer Quality Limit has been established for this permit.
2. A discharge shall not cause a pollutant to be present in an aquifer classified for drinking water protected use in a concentration which endangers human health.
3. A discharge shall not cause a violation of a surface water quality standard established for a navigable water of the State.
4. A discharge shall not cause a pollutant to be present in an aquifer which impairs existing or reasonably foreseeable uses of water in an aquifer.

EXHIBIT 4

Sunbelt Utility Services

P.O. Box 30543 Phoenix, AZ 85046
(602) 569-3190 Fax (602) 569-3536

1999

Asis Majeed

Water Permits Section

Arizona Dept. of Environmental Quality

1301 N. Central Ave.

Phoenix, AZ 85012

Re: The Links Estates WWTP

ADEQ Aquifer Protection Permit No. P-102976

This letter is in accordance with previous conversations with David McNeil of your office in which we were advised that we request in letter for to modify the existing Aquifer Protection Permit to bring the treatment system and permit into full compliance. This is also in accordance of the recommendations of Mr. Patrick Fintons' letter and inspection results dated March 31, 1999, a copy herewith enclosed. Mr. McNeil also stated for us to submit an initial filing fee of \$100 herewith enclosed.

On behalf of The Links at Ocotillo Home Owners Association, we hereby request that Part II, subsection A.(1) be modified as follows:

PART II. SPECIFIC CONDITIONS

A. Discharge Limitations

The permittee is authorized to operate a tertiary wastewater treatment plant (WWTP) with nitrogen removal and ultraviolet disinfection. The plant shall treat no more than an annual average of 75,000 gallons per day of domestic sewage. All of the effluent will be transported to the effluent holding pond for percolation and evaporation. Future use of the effluent may be transported from the effluent holding pond near the WWTP to golf course lakes nearby for reuse under the authority of a reuse permit issued by ADEQ. The permittee shall file the proper application and fees with ADEQ prior to discharging any effluent for reuse. The WWTP shall be designed, constructed, and located according to plans approved by the ADEQ Engineering Review and Permit Unit

August 2, 1999

Page 2

Please send copies of all correspondence to:

Mr. Steve Kohner, President
The Links at Ocotillo Homeowners Association
7902 No. Black Canyon Highway, Ste. 100
Phoenix, AZ 85051
(602) 995-1240

Please call should you have any questions.

Very truly yours,

SUNBELT UTILITY SERVICES



Maurice Lee
ADEQ Certified Operator
I.D. No. 1242

Authorization

Please be advised that Maurice Lee of Sunbelt Utility Services is hereby authorized to act in behalf of The Links at Ocotillo Homeowners Association in the filings of any Aquifer Protection Permit and/or Water Reuse Permits for The Links Estates Wastewater Treatment Plant. (ADEQ Inventory No. 102976)



Date: 8-3-99

Steve Kohner, President
The Links at Ocotillo Homeowners Association
7902 No. Black Canyon Highway, Ste. 100
Phoenix, AZ 85051
(602) 995-1240

EXHIBIT 5



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Governor Jane Dee Hull

John F. Hagen, Acting Director

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
Ref #: EU99-0176

March 31, 1999

Steve Kohner
Links at Ocotillo HOA
7902 N. Black Canyon Hwy, Suite 10
Phoenix, Arizona 85051

Re: Inspection of The Links Estates WWTP, Inventory No. 102976

Dear Mr. Kohner:

Enclosed is an inspection report prepared by the Arizona Department of Environmental Quality's (ADEQ's) Water Quality Enforcement Unit (WQEU) concerning the inspection conducted at the above-referenced wastewater treatment facility on February 18, 1999. The inspection was conducted in accordance with Arizona Revised Statutes (A.R.S.) §49-361 et seq and with Arizona Administrative Code (A.A.C.) R18-9-809.

As indicated in the enclosed "Summary of Inspection," the facility needs to resolve the permitted effluent disposal process. Please contact David McNeil in the Water Permits Section to resolve the APP permit discrepancy.

Your system is currently considered to be in substantial compliance with the Statutes and Rules administered by the Department. Hopefully, your efforts will soon bring your system into full compliance with all environmental rules and requirements. Please correct the deficiency.

ADEQ thanks you for your efforts in protecting the public health and the environment.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Finton".

Patrick Finton
Environmental Engineering Specialist
Water Quality Enforcement Unit

PCF:pf

cc: David McNeil, ADEQ
Joe Jeziorski, 40563 N. Bogey Drive, Queen Creek, AZ 85242
Pinal County Health Department
Water Quality Enforcement Unit Facility File, Inventory # 102976
WQEU Reading File



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Governor Jane Dee Hull

John F. Hagen, Acting Director

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Patrick Finton
Environmental Engineering Specialist
Water Quality Enforcement Unit

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cc: David McNeil, ADEQ
Joe Jeziorski, 40563 N. Bogey Drive, Queen Creek, AZ 85242
Pinal County Health Department
Water Quality Enforcement Unit Facility File, Inventory # 102976
WQEU Reading File

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER QUALITY DIVISION - WATER QUALITY COMPLIANCE SECTION
Water Quality Enforcement Unit

SUMMARY OF INSPECTION - WASTEWATER

FACILITY: The Links Estates WWTP

WW System No.: N/A

Aquifer Protection Permit (APP) No.: P102976

NPDES Permit No.: N/A

Reuse Permit No.: N/A

GWQPP Permit No.: N/A

Inspected by: Patrick Finton, Environ Engr Spec

Inspection Date: February 18, 1999

Accompanied by: Maurice Lee, Operator
Murray Sharkey, ADEQ

Report Date: March 31, 1999

YES NO N/A UNKNOWN

1. Effluent quality meets the following permit requirements:
 - A. Aquifer Protection Permit
 - B. Reuse Permit
 - C. NPDES Permit
2. A certified operator is employed by the owner as by ADEQ regulations.
3. This system meets ADEQ requirements for operation and maintenance.

X			
		X	
		X	
X			
X			

FACILITY DESCRIPTION

The WWTP is a Santec system that utilizes denitrification and UV disinfection. The plant is located near the corner of Ocotillo and Vineyard in Queen Creek, Arizona and south of The Links Estates Mobile Home Park. The plant was permitted for 2 process trains with a total flow of 75,000 gallons per day. Currently only one train has been built and it is treating 3,000 gallons per day. The WWTP consists of a screen/equalization tank, aeration tanks, denitrification/clarifier tank, filter storage tank, sand filter, disinfection chamber and waste sludge tank. Nearly all of the equipment is buried below ground with the inspection caps, blowers, sand filter and UV station above ground.

A solid block wall has been constructed around the WWTP since the last inspection. The plant is now capable of being secured.

SUMMARY OF FIELD OBSERVATIONS

A good solid block wall has been constructed around the plant. This will remove the possibility of someone driving over the tanks and breaking through.

Overall the plant was neat and clean and was in a better operating condition than at the last inspection.

The plant has experienced a failure problem with the original rubber air line couplers. The plant is in the process of changing to rubber hose secured with hose clamps.

ADEQ did not have the 3rd Quarter 1998 SMRF reports at the time of the inspection. Maurice Lee has submitted a second copy of the 3rd quarter results, along with the 4th quarter results, to ADEQ.

The effluent storage pond needs to be resigned to warn people that the pond contains effluent.

The APP permit that was issued to The Links Estates WWTP states:

All of the effluent will be transported from the effluent holding pond near the WWTP to golf course lakes for reuse or directly from the effluent holding pond for reuse under the authority of a reuse permit issued by ADEQ.

The Links Estates WWTP has failed to submit an application for a reuse permit. Without the Reuse Permit they can not discharge to the golf course, and by not being able to discharge to the golf course they are in violation of the APP permit which has been issued to them. The Approval to Construct (ATC) and the Approval of Construction (AOC) for the facility state that the effluent holding pond is unlined, which will result in a groundwater discharge. The Links needs to either modify their APP permit to include percolation from the holding pond, or obtain a reuse permit.

COMPLIANCE SUMMARY

1. **Construction Requirements.** A solid block wall with lockable gate has been constructed around the WWTP. The WWTP is now in compliance with the ATC. **Rating: Compliance.**
2. **Monitoring and Reporting Requirements.** ADEQ did not have 3rd Quarter 1998 sampling results at the time of the inspection. Maurice Lee submitted a copy of the results. **Rating: Compliance.**
3. **Operator Certification Requirements.** The facility has a Grade 2 operator as required. **Rating: Compliance.**
4. **Operation & Maintenance (O&M) Requirements.** The facility is being properly operated and maintained. **Rating: Compliance.**

REQUIRED CORRECTIVE ACTION(S)

1. Resign the effluent holding pond.
2. < The facility needs to resolve the effluent disposal inconsistency. The can be accomplished by:
 - A. Obtaining a reuse permit for the facility,
 - B. Modifying the existing APP permit,
 - C. Request a Determination of Applicability which may result in a general permit for the facility, or
 - D. Some other method of compliance.

Please contact David McNeil in the Water Permits Section to resolve the APP effluent disposal inconsistency. His address is:

David McNeil
Water Permits Section
Arizona Department of Environmental Quality
3033 N. Central Ave
Phoenix, Arizona 85012

(602) 207-4743



WASTEWATER INSPECTION CHECKLIST

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

GENERAL INFORMATION

1.	Facility Name:	The Links Estates WWTP				
2.	County:	Pinal				
3.	Date of Inspection:	2/18/99	Start Time:	9:30 am	End Time:	10:30 am
4.	Inspector:	Patrick Finton			Telephone:	207 - 4693
5.	Inventory No.:	102976				
6.	Site Code No.:	11017100	Latitude:	33°14'45.244	Longitude:	111°33'18.072"
7.	How was the Lat/Long determined? (GPS, Topographic Map, etc):		GPS			
8.	If GPS was used, describe the Lat/Long point location:		Discharge Point			
9.	Date of Previous Inspection:		November 10, 1997			
10.	APP No.:	P-102976	Issue Date:	Oct 2, 1995	Expiration Date:	None
11.	GWPP No.:		Issue Date:		Expiration Date:	
12.	NPDES No.:		Issue Date:		Expiration Date:	
13.	Reuse No.:		Issue Date:		Expiration Date:	
14.	Notice of Disposal Date:					

Description of Facility

15.	Description of Wastewater Treatment and Disposal System (if different from information given by the facility as stated on "Facility Information" Sheet):		Santec package aerobic system rated at 37,500 GPD.			
16.	Description of Plant Expansion since Last Inspection:		No expansion, but the wall has been constructed.			
17.	Description of Reuse Site as stated in Reuse Permit (if different from information given by the facility as stated on "Facility Information" Sheet):		None at this time.			
18.	Does the system de-nitrify?	Yes				
19.	Classification/Grade of Treatment System:		Grade 2			
20.	Classification/Grade of Collection System:		Grade 1			
Inspector's Signature:		<i>Patrick Finton</i>		Date Completed:	3/31/99	



WASTEWATER INSPECTION CHECKLIST

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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COLLECTION SYSTEM

1.	Does the system have a remote operator?	Yes	
2.	If yes, what is the frequency of inspections?	3 times per week	
3.	What is the travel time from the operator's residence to the system?	45 minutes	
4.	Condition of Manholes:	Good	
5.	Condition of Cleanouts:	Good	
6.	Condition of Collection Lines (note whether a force main or gravity flow system):	Gravity system	
7.	Location of Water Mains and Wells relative to Collection Lines:	Should be good	
8.	Does the facility have a spill control & containment program?	Yes	
9.	Does the facility keep records of all spills?	Yes	
10.	Does the facility report all spills to the County Health Department and to ADEQ?	Yes	
11.	Note any recent Overflows and Spills, including Dates, Volume, and Location:	None	
12.	Other Comments and Observations:		



WASTEWATER INSPECTION CHECKLIST

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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LIFT STATIONS

1.	Total Number of Lift Stations:	1	The lift station is part of the flow equalization tank.
	Number Inspected: <i>(note the location of each)</i>	1	
For the following observations, note the location and any odors, flows, and all broken, missing or unauthorized equipment.			
2.	Condition of Lift Stations:	Good	
3.	Condition of Pumps:	Good	
4.	Condition of Alarm Systems:	Good	
5.	Were any of the alarm systems tested during the inspection?		No
6.	If yes, did the alarms perform as necessary?		
7.	Do the lift stations have autodialers?		No
8.	Condition of Emergency Backup Power Supplies:	None. The system is less than 10,000 gallons per day at this time.	
9.	Were any of the emergency backup power supplies tested during the inspection?		No
10.	If yes, did the power supplies perform as necessary?		
11.	Condition of Flood Protection (if in 100-year flood plain and constructed after 10/86):	The facility is not in a flood plain.	
12.	Are wet well/dry well lift stations present?		No
13.	If yes, how many wet well stations?		How many dry well stations?
14.	Conditions of these stations: <i>(lighting, ladders, ventilation, leaks, etc.)</i>	Pumping is from a buried tank.	



WASTEWATER INSPECTION CHECKLIST

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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GENERAL WASTEWATER TREATMENT PLANT SYSTEMS

1.	Condition of Emergency power Supply (if an emergency power supply is required):	None required at this time.		
2.	Are potable water service lines located within the site?		No	
3.	If Yes, are backflow prevention devices connected to these lines?			
4.	If Yes, have these devices been tested within the past year?			
5.	Observations:			
6.	Is the site posted with at least one warning sign?	Yes		
7.	If yes, are signs located on all sides of the site?	Yes		
8.	Are the signs legible?	Yes		
9.	Do the signs indicate that wastewater treatment works are on the site and trespassing is prohibited?	Yes		
10.	Observations:			
11.	Is the site surrounded by a fence?	Yes		
12.	If yes, is the fence at least 6 feet in height?	Yes		
13.	Does the fence have a lockable gate?	Yes		
14.	Condition of fence/gate: <i>(capable of keeping both humans and large animals out of the WWTP area, gate is locked when WWTP is unattended, fence interference with access for maintenance, etc.)</i>	During the last inspection, a NOV was issued to the facility for not having a fence. The new fence is very good.		
15.	Condition of Flood Protection (if in 100-year floodplain and constructed after 10/86):	Not in a flood plain.		
16.	Is there an O&M Manual on site?	Yes	Observations:	
17.	Is there a log book on site (for all O&M activities?)	Yes	Observations:	
18.	General Observations: <i>(odors, flows, broken or missing or unauthorized equipment, rainwater runoff direction, condition of inventory of spare parts, calibration of instruments, excess vibrations from moving equipment, etc.)</i>	Good. No odors at first.		



WASTEWATER INSPECTION CHECKLIST

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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HEADWORKS

1.	Measured Flow Rate at Time of Inspection:	3,000 GPD
2.	Description of Influent (<i>septic?</i>):	Good
3.	Condition of Bar Screen and Rack:	Bar screen is in first 1/3 of equalization tank.
4.	Condition of Comminutor:	None
5.	Condition of Flow Meter: (<i>frequency of calibrations, interference from solids, condition of flow recorder for systems with design flow > 100,000 gpd, etc.</i>)	Totalizing flow meter that is reset daily.
6.	Condition of Grit Chamber: (<i>excess grit, excess grease and scum, condition of automatic cleaning mechanism, etc.</i>)	None
7.	Condition of Pre-Aeration Tank(s) or Equalization Basin(s):	Good equalization
8.	Other comments and observations: (<i>disposal method of screenings, grit, scum, and/or grease</i>)	Screenings are pumped.



WASTEWATER INSPECTION CHECKLIST

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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AERATION TANKS (ACTIVATED SLUDGE AND SEQUENCING BATCH REACTORS)

1.	Type of Treatment: (activated sludge or sequencing batch reactors)	Activated sludge.		
2.	Number of Treatment Tanks:	4	Number of Treatment Tanks in Operation:	4
3.	If one or more tanks are not operating, why?			
4.	Type of Activated Sludge Process Used: (conventional, step-aeration, contact stabilization, high-rate (completely mixed), extended aeration, etc.)	Extended aeration.		
5.	Observed Dissolved Oxygen (D.O.) Level in Tank(s):	2.0 to 4.0		
6.	Type of D.O. Meters present at the facility: (continuous, portable)	Portable		
7.	What type of aeration is used?: (fine bubbler, coarse bubbler, rotor brush, mechanical blade, aspirating jet, etc)	Coarse bubbler		
8.	Average Return Activated Sludge Rate According to WWTP Operator (%):	100%		
9.	Quality of Aeration and Mixing: (frequency, uniformity, etc.)	Good mixing.		
10.	Condition of Standby Blower(s):			
11.	Observed Color of the Mixed Liquor in Tank(s):	Water white.		
12.	General Observations: (odor, excess grit on bottom, excess scum on top, short circuiting, etc.)	No odor		



WASTEWATER INSPECTION CHECKLIST

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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CLARIFIERS

1.	Number of Clarifiers:	1	Number of Clarifiers in Operation:	1
2.	If one or more clarifiers are not operating, why?			
3.	Is this checklist for the primary or secondary clarifier?		Secondary	
4.	Observed Sludge Depth:	6 inches		
5.	Condition of Skimmer Mechanism and Scum Box/Removal System:		Good, but difficult to see.	
6.	Condition of Sludge Collection Mechanism:		Good	
7.	Condition of Sludge Return Equipment:		Sludge is being returned.	
8.	Condition of Sludge Waste Equipment:		Have not wasted sludge.	
9.	Condition of Weir: (level, clean, etc.)		Good, but hard to see and get to.	
10.	Description of Effluent: (clarity, floc, scum, etc)		Clear	
11.	General Observations: (odors, short circuiting, floating solids, etc.)		No floating material.	



WASTEWATER INSPECTION CHECKLIST

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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EFFLUENT FILTERS

1.	Number of Filters:	1
	Number of Filters in Service During Inspection:	1
2.	Description of Filters: <i>(pressure, gravity)</i>	Gravity
3.	Description of Filter Media : <i>(types of media, depths of media, etc.)</i>	Sand
4.	Is the media at sufficient depths?	8 feet
5.	Condition of Backwash Equipment:	Unknown
6.	How is the backwash process initiated? <i>(pressure drop, timer, hand, etc.)</i>	Hand
7.	How frequent does the backwash process occur?	Once every 2 months
8.	Description of Backwash Rate: <i>(too high or starts too abruptly if the filter media gets washed out; too low or the duration is too short if the filter media does not get thoroughly cleaned):</i>	Unknown.
9.	Where does the backwash water flow?	Sludge holding tank.
10.	Type of Chemicals Added to the Filters: <i>(amount, frequency)</i>	None
11.	General Observations: <i>(overflowing or evidence of recent overflowing, mudballs on top of filter, occurrence of breakthroughs, etc.)</i>	



WASTEWATER INSPECTION CHECKLIST

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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NUTRIENT REMOVAL SYSTEMS/WETLANDS

1.	What nutrients are to be removed?	Nitrogen
2.	If the WWTP does not use wetlands, how is the WWTP designed to remove these nutrients?	Anaerobic section in the package plant.
3.	Condition of the Necessary Equipment for Nutrient Removal:	Good
4.	Number of Wetland Cells:	
	Number of Cells Currently in Use:	
5.	Condition of Vegetation:	
6.	Description of Odors and Color of Water:	
7.	Amount of Freeboard:	
8.	Depth of Water:	
9.	General Observations: (erosion, floating solids, short circuiting, etc.)	
10.	Are operating conditions being maintained for optimum nutrient removal?: (dissolved oxygen levels, pH range, etc.)	Yes
11.	Other Comments and Observations:	



WASTEWATER INSPECTION CHECKLIST

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

✓=violation

DISINFECTION UNITS

1.	Type of Disinfection Used:	Ultraviolet light					
2.	If ultraviolet light is used, what is the condition of the UV tubes?	Unknown, but lab results are good.					
3.	If ozonation is used, what is the condition of the equipment?						
4.	For chlorination units, is the chlorine a gas, liquid, or solid?						
5.	Description of Chlorine Room : (security, signs, proximity to organic compounds or fine metal powders, etc.)						
For Chlorine rooms containing chlorine gas,							
6.	Are fan and light switches mounted outside of door?						
7.	Does the door have an inspection window?						
8.	Condition of Exhaust Fan (suction from floor level?):						
9.	Location of Exhaust Fan Vent:						
10.	How are the chlorine cylinders secured?						
11.	Condition and Location of S.C.B.A. Equipment:						
12.	Date of Last Service for S.C.B.A. Equipment:						
13.	Location of Chlorine Injector and Gas Lines:						
14.	Condition of Leak Detection Equipment (ammonia, etc.):						
15.	Was the leak alarm detection system tested?	Yes	No	Is it satisfactory?	Yes	No	
16.	Chlorine Contact Time:						
17.	Condition of Chlorine Contact Chamber: (sludge, floating scum, quality of mixing, etc.)						
18.	Condition of Chlorinator: (subject to freezing, availability of standby chlorinator, etc.)						



WASTEWATER INSPECTION CHECKLIST

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

v=violation

EFFLUENT DISPOSAL/PROCESS CONTROL MONITORING/RECORDS REVIEW

1.	How is the effluent disposed?	Gravity to a "reuse" pond.			
	Reuse:		Evaporation:		Surface:
	Aquifer/Rapid Infiltration Basin(s):		The pond is operating as an infiltration basin.		
2.	If the effluent is disposed to the surface, what are the observable impacts on the receiving water/ground?: <i>(foam, floating solids, scum, etc.)</i>		No floating material.		
3.	Does the facility have all required permits?		No. The facility does not have a reuse permit.		
4.	Compare the monitoring data that is on record at the facility with the data that has been submitted to ADEQ for a random period of time. Are both sets of data equivalent?				Yes
5.	What sampling method does the facility use?		Grab		
6.	Where in the facility are samples extracted?		End of the UV tubes.		
7.	Are these the same locations as specified in their permit(s)?		Yes		
8.	How are the samples preserved and in what types of containers?		Plastic bottles on ice.		
9.	For what parameters are process control tests conducted and at what frequency?				
10.	How long are records of the process control tests retained?				
11.	Are these records used to adjust operating procedures of the WWTP?		Yes		
12.	Are flowmeters read everyday?		3 to 4 times per week.		

EXHIBIT 6



Jane Dee Hull
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

3033 North Central Avenue • Phoenix, Arizona 85012-2809
(602) 207-2300 • www.adeq.state.az.us



Jacqueline E. Schafer
Director

June 28, 2001

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Steve Kohner, HOA Manager
The Links Estates MHP @ Ocotillo HOA
7902 North Black Canyon Hwy., Suite 100
Phoenix, Arizona 85051

Re: **2001-Inspection of The Links Estates WWTP
Individual Aquifer Protection Permit No. P-102976,
Inventory No. 102976, WW Place Id. No.7879**

Dear Mr. Kohner:

Enclosed is the 2001-inspection report prepared by the Arizona Department of Environmental Quality's (ADEQ's) Water Quality Enforcement Unit (WQEU) concerning the inspection conducted at the above-referenced facilities on June 14, 2001. The inspection was conducted in accordance with Arizona Revised Statutes (A.R.S.) §49-203.B.1. et seq., and with Arizona Administrative Code (A.A.C.) R18-9-110.A.

As indicated in the enclosed "Summary of Inspection," there were no deficiencies observed during the 2001-inspection and the review of ADEQ records by WQEU staff. However, there are some recommendations noted at the end of this report.

Your continued efforts are appreciated in keeping your wastewater treatment and disposal systems in compliance with the applicable Arizona environmental rules and regulations. ADEQ thanks you for your efforts in protecting the public health and the environment.

Sincerely,

Nabil K. Anouti, E.E.S., Compliance Officer
Water Quality Enforcement Unit

cc: Pinal County Health Department
Asif Majeed, Manager, ADEQ - Wastewater Recharge & Reuse Unit
Maurice Lee, The Links Estates, 4545 E. Shea Ave., Suite 164, Phoenix, AZ 85008
(WQEU - Inventory # 102976)

Ref#EU01-0247

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(520) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

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**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER QUALITY DIVISION - WATER QUALITY COMPLIANCE SECTION
Water Quality Enforcement Unit**

SUMMARY OF INSPECTION - WASTEWATER

FACILITY: The Links Estates

Inventory No.: 102976

Aquifer Protection Permit (APP) No.: P-102976

Federal NPDES Permit No.: N/A

Reclaimed WW Reuse Permit No.: N/A

GWQPP Permit No.: N/A

Inspected by: Nabil K. Anouti, E.E.S., Compliance Officer

Inspection Date: June 14, 2001

Report Date: June 28, 2001

Accompanied by: Maurice Lee, Certified Plant Operator.

YES NO N/A UNKNOWN

1. WWTP meets the following permit requirements:
 - A. Aquifer Protection Permit (individual)
 - B. Reclaimed WW Reuse Permit
 - C. Federal NPDES Permit
2. A certified operator is employed by the owner, in accordance with ADEQ regulations.
3. This system meets all permit requirements for operation and maintenance.

X			
		X	
		X	
X			
X			

INSPECTION PURPOSE AND SCOPE

The Department conducts periodic compliance assurance inspections at wastewater treatment and/or disposal facilities or systems to determine compliance with construction, permit operation & maintenance, permit conditions and state rules and regulations. If a facility is operating under specific conditions for a General APP or has connected to a public sanitary sewer, this inspection is directed to verify those conditions are met or that the sewer connection has been constructed.

FACILITY DESCRIPTION

The Links Estates MHP WWTP is located at 939 E. Clubhouse Lane in Queen Creek, Arizona. The treatment plant is designed to receive residential wastewater only. Most of the residents are retired individuals who occupy the resort all year around. The plant is originally approved on October 2, 1995 by ADEQ through an APP individual permit. The plant is a tertiary package treatment system designed by Santec, Inc. with nitrogen removal and ultraviolet disinfection.

The plant is located near the southeast corner of Ocotillo and Vineyard (Ironwood extended) in Queen Creek and south of The Links Estates Mobile Home Park. The plant was initially permitted for 2 process trains with a combined total flow of 75,000 gallons per day per APP permit. Currently only one train of 37,500 gpd has been built. It is treating an average daily flow of about 3,500 gallons per day. This plant is under a major modification of their system and has submitted an application for approval. The WWTP consists of a grit chamber with small screen located at the inlet to the equalization tank, which also houses 2 Goulds raw sewage pumps and a MAG flow meter, 3 aeration tanks (coarse bubble air) which operate in series, a denitrification/clarifier tank, an effluent holding tank with discharge pumps, a pressure sand filter, disinfection chamber (UV) and waste sludge tank. Nearly all of the equipments are buried below ground level. Only the blowers, sand filter unit and UV station are above ground. The plant is wired to receive a portable, emergency generator which is available onsite in the nearby equipment maintenance building. Effluent is discharged to 360,000 gallons unlined evaporation/percolation pond. At the time of inspection, the plant low flows preclude any treated effluent from being reused. A block wall has been constructed around the WWTP for security and safety purposes.

SUMMARY OF FIELD OBSERVATIONS

The 2001-inspection of The Links Estates WWTP was to evaluate the compliance status of Aquifer Protection Permit and the overall operation and maintenance of the treatment plant. No violations were observed during the time of inspection. The plant is required a certified WW operator, Grade 2 minimum to operate and maintain the treatment and disposal components.

The plant is designed to treat 37,500 gallons per day maximum daily flow. During the time of inspection, the current average daily flow was approx. 3500 gallons per day. The 2001 maximum daily flow was approx. 4000 gallons per day. The treated effluent is mainly percolating in the storage pond. The plant was well maintained and is also going through a major expansion. The plant currently serves about 72 units which are occupied part-time.

This plant has a six feet block wall around the perimeter. The wall serves as a safety feature and allows for on-site equipment storage and security.

The grit chamber is pumped periodically for proper operation and odor control. The grit is hauled by Coopers (waste hauler) to the 23 Avenue Phoenix plant for final disposal. Air scrubber devices were installed on the equalization tank and the first aeration tank for odor control. Each tank has 3 access ports and all are equipped with small carbon filters. Potassium permanganate may be used rather than carbon, due to cost and efficiency. These filters devices are designed and fabricated by Mr. Abercrombie. The aeration tanks were in excellent mixing conditions.

The plant are repairing the tertiary filter (compressor and air lines problems). A follow-up inspection will be scheduled to check on the filtration system no later than July 4, 2001. ADEQ/APP permit does not require testing of BOD or suspended solids.

The plant is also repairing the UV disinfection system which was not in operation at the time of inspection. Chlorine tablets are being used in compliance with the APP permit requirements.

A letter of notification has been sent to ADEQ staff on June 15, 2001 providing details about the UV unit failure and the time frame that is required to fix this unit.

The plant has submitted the 2001-SMRF for the first Quarter only and had reported one violation of TN that exceeded APP permit level of 10 mg/l for the month of February. The plant operator has found the methanol feed distribution lines were deteriorating and caused the system troubleshooting (improper denitrification). A replacement of the distribution lines and the methanol drum to a 55 gallon are corrected. A weekly monitoring of TN will be conducted to comply with the permit requirements.

The effluent holding pond contains barely any water because of low daily flow. The effluent holding pond needs to be resigned to warn people that the pond contains effluent.

Currently, the plant is expanding the system to 75,000 gpd. A major modification of the treatment system is being constructed and an applications to modify the APP permit has been submitted to the Water Permits Section.

COMPLIANCE SUMMARY

1. **Construction Requirements:** There is currently construction and modification of this plant to increase the treatment efficiency and flow capacity to 75,000 gpd. An application is submitted to ADEQ for the APP permit modification.
Rating: FULL COMPLIANCE.
2. **Monitoring and Reporting Requirements:** There is monitoring and reporting requirements for this system. It is required that a maintenance record-keeping system be always updated and kept onsite for future reference to demonstrate that adequate maintenance is performed on this system and all approved onsite wastewater disposal facilities. Monthly monitoring and quarterly reporting data are received by the Department for the months of January thru March 2001 and shows no violations that exceed the allowable permit limits. Reports are submitted for APP permit.
Rating: FULL COMPLIANCE.
3. **Operator Certification Requirements:** Certified operator requirements do pertain to this type of wastewater treatment and disposal system. On-site Certified/Remote Operator, Mr. Maurice Lee was on-site during this inspection on June 14, 2001.
Rating: FULL COMPLIANCE.
4. **Operation & Maintenance (O&M) Requirements:** The facility is not in good operation conditions. The onsite operation and maintenance manual is not that useful in accordance with the operator. Problems are occurring with UV disinfection system, the filtration unit, and the methanol feed system. WQEU staff are looking at scheduling a follow up inspection to check on those components.
Rating: FULL COMPLIANCE.
5. **Overall Rating: FULL COMPLIANCE.**

The Links Estates
June 28, 2001

Page 4

RECOMMENDATIONS:-

1. The facility owner shall obtain the APP permit modification prior to the startup operation of the new components. A copy of this permit modification should be sent to the WQEU Compliance Officer when approved.
2. The facility shall speed up those repairs of the UV disinfection unit, sand filter, and the methanol feed system because those components are essential in meeting the APP permit requirements.

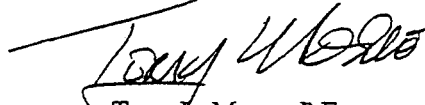
END OF REPORT

EXHIBIT 7

March 14, 2001
Page 2

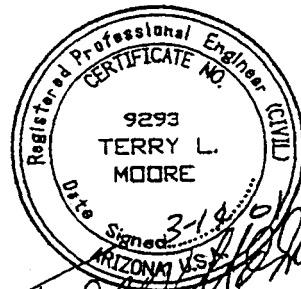
Please feel free to call, should you have any questions of contact Mr. Maurice Lee of Arizona Utility Supply & Services, LLC at (602) 569-3190.

Very truly yours,
MOORE & ASSOCIATES, INC.


Terry L. Moore, P.E.

cc: Kip Gilleland, Woodside Homes
Greg Brown, Manager, Wastewater Design Review Unit
Bill Shafer, Manager, Water Technical Engineering Unit
Maurice Lee, Arizona Utility Supply & Services, LLC
Paul Siders, P.E., Coe & Van Loo

Encl. - Exhibit A



Projected Closings Per Month

Woodside Units 4 & 6 Homes/Mo

Great West Units 1 & 3 Homes/Mo

Units 5, 2, & 7 Homes/Mo

	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01
Total Sales Per Mo.	10								
Accum. Sales	10								
Flow @ 320 GPD*									
Flow @ 450 GPD**	7,700	7,700	11,220	15,740	25,300	35,860	46,420	56,980	67,540
Capacity of Links WWTP @ 320 GPD	29,800	29,800	26,280	22,700	12,200	39,140	31,360	18,200	7,100
Capacity of Links WWTP @ 450 GPD	28,500	28,500	23,500	18,600	3,750	21,900	11,550	<3,300>	<18,150>

Note: All Flows include existing flow of less than 4,500 GPD

* Flow of 320 GPD based on existing flows of other similar subdivisions.
 ** Flow of 450 GPD based on new ADEQ rules.

Existing links WWTP of 37,500 will have its expansion to 75,000 GPD completed by 9/1/01
 Cambria WWTP Phase 1 of 150,000 GPD will be completed by Nov. 1, 2001
 Cambria WWTP Phase 2 of 150,000 GPD will be completed by Jan. 1, 2002
 Balance of Cambria WWTP of 420,000 GPD and the closure of Links WWTP will be complete by May of 2002

EXHIBIT A

